

FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD

MEETING MINUTES

**January 21, 2003
Vancouver, Washington**

Board members present were Chairman Dan O'Neal, Ms. Pati Otley, Mr. Ross Kelley, Mr. Andrew Johnsen, Mr. Dick Marzano, Ms. Carol Moser, Mr. Jim Toomey.

WELCOME AND INTRODUCTIONS: Chairman Dan O'Neal welcomed all to the meeting.

MINUTES: *Ms. Carol Moser moved, and Mr. Ross Kelley seconded to approve the November 15, 2002 meeting minutes with changes.*

MOTION CARRIED

FMSIB BUDGET: Director Schmidt reported that the budget was right on track with a significant number of dollars that are unexpended. Chairman O'Neal asked if the totals were unexpended or uncommitted? Director Schmidt responded that they were unexpended but there are still fixed expenses to be paid between now and the end of the biennium. Chairman O'Neal commented that it looked to him that some of the totals might be showing committed dollars. Director Schmidt explained that \$448,949.31 is what has been spent and that \$268,050.69 is what is remaining to cover cost between now and the end of June. Chairman O'Neal would like to know if we are on a cash basis or accrual basis and if the board could get more details about the amount that would be left at the end of the year.

Chairman O'Neal noted that the UP money is still accruing interest. Director Schmidt reported that some of the UP funds had been released to projects amounting to \$1,350,000. The remaining balance will remain in the account and continue to accrue interest.

The chairman questioned what the UP would have done if there had not been a place like FMSIB to hold the project money? Director Schmidt responded that UP had commented that they did not have a significant presence in Washington State and they did not want to be in a position to be negotiating project by project to determine how much each project would get. The UP agreed on a total amount they were willing to commit and the director worked with the 6 projects to broker the deal between the railroad and all six projects.

Ms. Otley commented that what would have happened, based on the experience with BNSF railroad, is that each of those projects would have come to the railroad independently and tried to find someone with whom to deal to arrive at some agreement upon what portion the railroad would want to contribute. In this case, because UP does not have a significant presence in Washington, it would have been a difficult thing to do had the Director not brokered the deal. FMSIB saved those projects from having to find someone with whom to work, that is also a problem dealing with BNSF sometimes, and when there is limited presence in a state it gets more complicated.

The Director reviewed the capital dollars and how they are being expended. Four projects are in a very tenuous position whether they are going to move forward this spring, or if some of the projects are going to be held together. The Allen Street Bridge project appears to be \$66,000. under budget, which are surplus funds that FMSIB can put toward another project. The Port of Longview looks like there may be about \$9,500. that was not expended. The SR 432 looks like there will be a \$57,000. surplus because they came up with a cheaper solution. The 277th project has a surplus and the FMSIB share appears to be around \$500,000. The combined dollars produce about \$630,000 and right now, all dollars are important.

EXECUTIVE DIRECTORS REPORT: Director Schmidt reported there have been nine meetings since the first of October of the Governors task force determining the Price of Government or P.O.G. The meetings have consumed a great deal of time and the participants hope that the effort will bear some positive results.

Director Schmidt reported the project selection process has been moving forward and we have now received the scored sheets from all of the technical team as well as the board scoring team. The numbers are being merged to form a composite and the board scoring team will meet in December to discuss the projects in depth prior to making a recommendation to the full board.

The Director met with local UP officials to open a dialogue about the future needs of the railroad and what we can do to assist. They seemed rather uninformed about what FAST is and that there is a process in place to assist with freight projects.

The Director reported that meetings with the Washington DC legislative delegation and transportation committee leadership were scheduled for Feb 5th & 6th and the delegation would include business people, local politicians and state legislators. Chairman O'Neal and Director Schmidt will be joining the group to talk about FAST and other freight projects.

Director Schmidt was invited to join a meeting between the Washington Trucking Association and House Transportation Chairman Ed Murray. The purpose of the meeting was to articulate the trucking position regarding new funding for freight projects and their position on the Freight Mobility Board. Representative Murray was very positive with his comments. Subsequent to that meeting the director has also met with Representative Doug Ericksen who has also expressed strong support for the Freight Mobility Board program.

The director participated in a Port of Seattle meeting with truckers to discuss the access to and from the port area and the connections to the two intermodal rail terminals. While nothing specifically was recommended, it opened the door to the dialogue and the next meeting should also include officials from the city so more players/partners can be included in any future plan.

Director Schmidt and staff have spent a great deal of time with the project sponsors trying to get accurate information on the project update sheets so they are completely accurate going into the legislative session.

Director Schmidt met with Senator Prentice and extend an invitation to the Senator to be part of the FAST delegation traveling to Washington DC. She was very interested in attending but family concerns prohibited her participation.

Director Schmidt reported that she testified on the consolidation bill before the Senate Transportation Committee accompanied by board member Ross Kelley. The Senate committee

requested that CRAB, TIB and FMSIB deliver their presentations as a panel since the Governor had proposed that the three agencies be combined to create the Transportation Grant Board.

BENCHMARKS: Director Schmidt reported that she attended a benchmark meeting with Mark Hallenbeck and Ed McCormick from the University of Washington and Tim Ericksen from CVISN at WSDOT to discuss Chairman Benson's request that an analysis for the benchmark project be developed since WSDOT had not selected the proposed Research Support proposal that was previously submitted. Funding could come from the administrative budget savings if approved by the full board.

The Washington State Transportation Center (TRAC) will provide analytical and technical support to the Freight Mobility Strategic Investment Board's (FMSIB) Benchmark program. TRAC support will help guide the development of a data collection methodology that can be used to measure truck movements along specific roadway corridors selected by FMSIB. The intent is to complete design of, and test, a methodology for benchmarking the performance of roadway projects selected for improvement under the FMSIB.

TRAC will participate in the analysis of the data collected and provide input into the creation of freight benchmarks using those data. Full details are available at our office.

Mr. John Doyle from the WSDOT Freight Strategies and Policy Office offered partial funding using dollars that WSDOT would have available from oil rebate money. Since one of the eligible items is freeway arterial management to make freeways work better the benchmark analysis would fit. Mr Doyle indicated that he could make \$30,000 to \$35,000 dollars available for the analysis.

Mr. Ross Kelley moved, and Ms. Carol Moser seconded to fund the Washington State Transportation Center (TRAC) with WSDOT funds offered by Mr. John Doyle and the remaining balance with FMSIB funds, the estimated cost is \$40,014.

MOTION CARRIED

PROJECT SELECTION: Mr. Jim Toomey briefed the board on the project selection committee activities. Mr. Toomey stated that the project selection committee met in December along with trucking technical representation and UP and BNSF technical representation and staff from WSDOT to review the project scoring sheets. The conclusion that the committee arrived at was that they could not complete their analysis at this time. The concerns that the committee had with some of the data presented raised too many questions about the numbers and statements being made. Chairman Toomey offered a status report and indicated that the project selection committee would need at least one more meeting before they could assimilate all of the numbers and come up with a final list to recommend. One of the issues that caused concern was that some projects were taking credit or utilizing freight movements or freight efficiencies on projects that have already been funded by FMSIB so it was like a double booking of the numbers.

Chairman O'Neal requested that the full board be notified of the upcoming meeting so if others were available they could sit in and view the meeting.

PORT OF VANCOUVER: Mr. John Fratt from the Port of Vancouver, Dean Lookingbill RTC and Mr. John Watson the IT specialist from the Port of Vancouver presented the results of a recent freight volume study looking at the I-5 corridor.

ANNUAL REPORT: Director Schmidt informed the board that the office had started distributing the annual report and they would be sent to the Legislature, Congressional delegation, project sponsors, local government officials, RTPO's and MPO's and several trucking groups. Extra copies available for anyone needing them or for board members use for speaking engagements.

LEGISLATIVE ISSUES: Mr. Cliff Benson joined the meeting via conference call. The Governor proposed consolidating FMSIB with CRAB and TIB in a single local grant agency. The board reviewed the work of the CRAB and TIB to determine if a consolidation would benefit freight mobility. The board agreed that saving tax dollars was admirable, but not at the expense of programs that were providing a benefit to the state equal to or greater than the costs.

CRAB: Ms. Chris Mudgett briefed the board on what the County Road Administration Board does. It was created by the Legislature in 1965 to provide regulatory oversight of the 39 county road departments through development of standards of good road practice. For the first 20 years CRAB worked to assure accountability among the county road departments both for transportation spending and performance.

CRAB does an annual certification based on standards of good practice that their board drafted and these standards tell the county road departments what they must do and CRAB makes sure they are complying. If they are not complying, CRAB can request the State Treasurer to withhold that county's share of the gas tax

CRAB has a nine-member board appointed by Washington State Association of Counties. Six members are County Commissioners or County Council members. Three members are County Engineers and are selected from tiers of population - no more than 1 member from any one county. The Board appoints the Executive Director, who is responsible for a staff of sixteen people.

In 1983 the Legislature established CRAB's first grant program - the Rural Arterial Program (RAP). The program was established because there were numerous rail line abandonment's, especially in Eastern Washington, placing an increased number of trucks on the roads. The State also realized that there were a lot of rural county arterials and collectors that needed work and reconstruction. The RAP is worth about \$22M a year.

In 1985, the duty to maintain the statewide county road log as well as distributing the gas tax was transferred from WSDOT to CRAB. In 1990 the legislature created another funding program called the County Arterial Preservation Program (CAPP) to preserve both urban and rural county arterials. Before any county can get their funds, CRAB insures that they are maintaining an adequate pavement management system.

In 1991 the legislature created the county Capital Ferry Program. There are four counties in the state that maintain their own ferry system. Some county gas tax money, on approval of the legislature can be transferred to these counties to purchase ferryboats and CRAB administers those funds.

CRAB provides engineering design systems to counties at little or no cost that along with support and training enables them to maximize the design of road improvements through enhanced revision and alternative analysis. One staff member handles the grant programs and the remainder of the staff are primarily involved with the accountability and regulation issues.

Over 40% of staff time at CRAB is spent on direct, personal, often individual interaction with County Engineers and their technical staffs. CRAB helps counties maximize limited resources by

fulfilling functions on behalf of all 39 counties that they would otherwise have to provide individually.

CRAB's funding for the RAP and CAPP programs comes from the gas tax and the remainder of their funds come from "state supervision" during this distribution of gas tax. The cities pay 1.5% of their gas tax and the counties pay 1.5% of their gas tax into the state supervision fund and this is also the fund that WSDOT Highways and Local Programs uses for all of the support that they provide to cities and counties. Half of the Governor's projected savings through consolidation is reflected in the counties 1.5% of state supervision, which is \$1M a year.

The administrative cost of CRAB is less than 3% of the total budget and the overhead cost of the grant program is about 1.5%. A lot of what CRAB does is administrative.

The copy of the minutes from the meeting of the Association of Counties was provided to the board showing that they have taken a position of opposition to the consolidation of TIB, CRAB and FMSIB. CRAB will also be taking a position on this proposal.

TIB: Mr. Steve Gorcestor the Executive Director of the Transportation Improvement Board briefed the board on the functions of TIB and the Governors proposed legislation.

The Transportation Improvement Board funds high priority transportation projects in communities throughout the state to enhance the movement of people, goods and services. Unlike CRAB, TIB is all grants.

The Arterial Improvement Program (formerly the Urban Arterial Board which was created in 1967 and is dedicated to the safety and physical quality of the arterial system in cities and urban counties).

The Transportation Partnership Program, (a growth and development program that was aligned closely with the Growth Management Act with the primary purpose to provide capacity and to promote economic growth

The Small City Program providing safety, preservation and physical integrity improvements to cities under 5000 population.

Additionally they also offer a pedestrian safety program that funds sidewalks and pathways in urban areas and a separate sub program within pedestrian safety and mobility for small cities.

TIB has started a new program in 2003 that is called New Streets for Small Cities. The mission is to capitalize on unique paving opportunities in small cities in order to return street surfaces to an acceptable quality while driving down the costs for asphalt paving by maximizing economies of scale.

The Transportation Improvement Board invests state gas tax funds in local communities through five grant programs serving cities, urban counties and transportation benefit districts in Washington State. The TIB identifies and funds the highest-ranking transportation projects based on criteria established by the board consistent with the legislative intent for each program. TIB staff provides customer service and grant administration throughout the project life.

The TIB has a 15 person staff and has 21 board members. The administrative budget is 1.3%, which is about \$1.5M a year they currently have 680 active projects. TIB is involved in 75% of

all local government transportation improvements that are currently funded and 100% of small city projects.

The legislature created the program to address the fact that the direct distribution money from the gas tax that was going to cities and counties was never enough to build a significant improvement and a lot of the funds were being dedicated to maintenance rather than improvement. To have a way to fund capital improvements vs. maintenance and operations of the city road department, the legislature created the TIB program.

The current board is made up of city elected officials, city engineers, county elected officials, county engineers, two WSDOT members, one private sector, two transit agency directors, a special needs transit member and non motorized member.

The TIB Executive Board has reviewed the Governors proposal and for a variety of reason is opposed to the proposal. TIB is especially concerned about the dedicated revenue stream if they were to lose it they would be placed in a biennial appropriation situation similar to FMSIB - dedicated revenue is essential to the operation of TIB and FMSIB. The problem that would be created immediately for TIB, if there were a suspension of the dedicated revenue, would be to eliminate their commitment or default on our commitment to all projects that are outside the biennium – of the current 680 projects they would have to suspend about 380 of those.

Mr Gorcester stated “What has been accomplished by FMSIB without having dedicated revenue is not viewed to be as remarkable as it is. It should be viewed to be more surprising that you have been able to encourage as many projects as you have without having dedicated revenue. I would have said that if you did not have dedicated revenue you would not be able to encourage and build anything and it is amazing that that aspect of the board is under appreciated.”

Mr. Ross Kelly noted that while WSDOT is not the lead agency for TIB funds they are the recipient of a large amount of the TIB funds. Several State Highway projects in Spokane have been built using TIB funds so TIB is very important to the entire transportation system and if WSDOT would have been funded properly over the last decade we would probably have less then half of the inventory of state highway projects that we have today.

Board Discussion on Governor’s proposal: Mr. Larry Pursley from the Washington Trucking Associations was invited to share the Associations position since Board member Don Lemmons couldn’t attend the meeting.

Mr Pursley indicated that the Trucking Associations had lengthy conversations on this issue and whether they wanted to spend the political capital to attempt to keep the FMSIB in place. They discussed whether FMSIB was worth that much to the trucking industry - the conversation went on for hours with the decision that yes it was. Mr Pursley was instructed to spend whatever political capital they had to attempt to save it. It was strongly felt that the advent of the FMSIB board signaled, for the first time, that there was a focal point in the state where people focused on freight issues could go for assistance. It allowed the trucking industry, the railroads and others to bring their concerns to the table and do something about the difficulties that were faced on a day-to-day basis. It was strongly felt that melding it into other agencies was not in their best interest.

Mr Pursley continued that they would rather have no investment than bad investment and having observed the project selection process of the FMSIB, it was apparent that there were very earnest and worthwhile conversations on each and every project and what finally makes it through the process are projects that will move freight. It was recommended by the WTA in the strongest possible terms that we do everything possible to pursue keeping the Freight Mobility Board intact and support a dedicated fund source. It is imperative that we voice the very good work that has

been done by this board. The other aspect that is noteworthy is the increased visibility in the last few years of freight due to this program.

Ms. Pati Otley stated that BNSF is willing to extend whatever political capital it has to keep the FMSIB intact if that is the wish of the board. She also stated that she came into the meeting thinking that CRAB, TIB and FMISB had very different programs and feared that freight would get lost in a consolidation with the other programs. Ms. Otley said that after hearing about CRAB and TIB and how great she believes they are, she does not believe that freight would retain a profile if there was a consolidation and it would be naive to believe that freight would have a voice in a consolidated group.

Mr. Dick Marzano stated that freight is critical to this state and though we think that we would be served to some degree, we believe that we would be on the back burner because there are so many other project needs. Mr Marzano said that he believed that the legislature would be making a drastic mistake by moving forward on the consolidation and it would hurt all three very different boards and the “ports” are adamant that the Freight Board remain as it is.

Mr. Ross Kelley stated it was important to note that the system is working well and having been a participant with all three of these programs he thought the system was working very well and he didn’t see that anything would be gained by fixing something that is not broken. We have a very efficient system and messing around with it is not going to solve any problem.

Ms. Carol Moser stated, from the cities point of view, there is no program out there that recognizes that freight has an impact when it moves through our cities and this is one board that cities can go to and express their concerns of how freight movement impacts safety and congestion and how it truly impacts the quality of life for residents. It has given the cities an opportunity to work with the railroads and the trucking association to help resolve some of the problems that cities have. From the cities point of view it’s important that they get represented and it has been a great opportunity to work with all three of these independent agencies.

Chairman O’Neal stated that FMSIB was originally established for the purpose of establishing a focal point for freight in the state. For what ever reason, the people that move freight or buy that service, and others who are concerned with it, have not felt that they had a place to go to focus on freight needs. Mr. O’Neal noted that the fact that the constituent groups, that are most interested in freight movement, support the continuation of the board is the most important.

The Chairman said that the board felt confident that the staff had done a very good job and there were many things that the board would like to do such as more outreach efforts and ongoing communication within the state - including explaining what freight mobility means to the average citizen. There are a lot of things that the board has learned about projects and how to identify the good freight projects. It is very important to make things work in business and government and to have participation by the constituents and if that is not there, things do not seem to work as well. FMSIB plays a very important roll in that regard. There seemed to be a consensus in the group to strongly support the continuation of the board and to advocate that position before the state legislature and the Governor. The Chairman volunteered to take all of the ideas and thoughts expressed and create a draft statement that the board could review and adopt via email.

MOTION: Mr. Jim Toomey moved, and Mr. Cliff Benson seconded to support a position advocating the maintenance of a stand alone Freight Mobility Board emphasizing that freight is tied to the economy and that the advocacy of freight supports all commerce; additionally the efficiencies of the program produce benefits that far outweigh the cost of the administration of the agency. It is imperative that the Freight Mobility Board continue to advocate for the movement of freight in the State of Washington

MOTION CARRIED

Mr. Andrew Johnsen abstained

FUTURE MEETINGS: *Ms. Pati Otley moved, and Mr. Dick Marzano seconded to approve the Phoenix Inn in Olympia as the March 21, 2003 meeting.*

MOTION CARRIED

MEETING ADJOURNED: 1:30 PM



A. DANIEL O'NEAL, CHAIRMAN

ATTEST:



KAREN SCHMIDT, EXECUTIVE DIRECTOR